

Message Text

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 06973 01 OF 03 101659Z

63

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 USIA-15 CIAE-00 INR-10 NSAE-00

RSC-01 SAJ-01 FEA-02 SCI-06 SS-20 NSC-07 PA-04 PRS-01

CIEP-02 SP-03 L-03 H-03 DRC-01 (ISO) W

----- 111615

R 101446Z MAY 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 8654

INFO USDOC WASHDC

LIMITED OFFICIAL USE SECTION 1 OF 3 MOSCOW 6973

USDOC FOR BEWT/BOWDEN

E.O. 11652: NA

TAGS: BGEN UR

SUBJ: BUSINESS FACILITATION IN MOSCOW

REF: A. STATE 163993, 8/17/73; B. MOSCOW 10285, 8/28/73;

C. MOSCOW 10766, 9/7/73; D. STATE 96074

1. SUMMARY. IN PREPARATION FOR UPCOMING MEETING OF US-USSR JOINT COMMERCIAL COMMISSION, EMBASSY HAS RECEIVED WITH RESIDENT U.S. BUSINESSMEN SITUATION WITH REGARD TO MOSCOW FACILITIES, USING AS BASIS QUESTIONS POSED REF A. SURVEY REVEALS THAT RELATIVELY LITTLE HAS CHANGED OVER INTERVENING EIGHT MONTHS, AND PROBLEMS CITED REFS B AND C CONTINUE TO HAMPER OPERATIONS OF RESIDENT U.S. BUSINESS COMMUNITY. NEW ELEMENT IS APPEARANCE ON SCENE OF NINE ADDITIONAL ACCREDITED FIRMS (IBM, BANK OF AMERICA, FIRST NATIONAL CITY BANK, HEWLETT-PACKARD, ENGELHARD, GENERAL ELECTRIC, CATERPILLAR, DOW, AND INTERNATIONAL HARVESTER) WHICH HAD NOT YET BEGUN PROCESS OF ESTABLISHING MOSCOW OFFICES AT TIME PREVIOUS SURVEY MADE AND ARE NOW IN VARIOUS STAGES OF THIS PROCESS. TWO LATEST ACCREDITATIONS (SATRA AND ARTHUR ANDERSON) WILL BE TREATED SEPARATELY. ALTHOUGH THERE ARE DIFFERENCES IN EXPERIENCES OF LATEST ARRIVALS, AS WILL BE DETAILED BELOW, MOST OF THESE COMPANIES ARE ENCOUNTERING SOME

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 06973 01 OF 03 101659Z

PROBLEMS IN OFFICE/HOUSING AREAS. SEVENTEENTH ACCREDITED U.S.

PRIVATE OFFICE, US-USSR TRADE AND ECONOMIC COUNCIL, HAS AS EXPECTED BEEN GIVEN EXCEPTIONAL TREATMENT AND IS GENERALLY EXEMPT FROM PROBLEMS FACED BY OTHERS. END SUMMARY.

2. FOLLOWING REPLIES ARE KEYED TO QUESTIONS REF A AND COVER ALL ACCREDITED COMPANIES EXCEPT GE, CATERPILLAR, IT. HARVESTER AND ENGELHARD, WHICH EMBASSY WILL PROVIDE WHEN COMPANY REPS RETURN TO MOSCOW FROM CURRENT TRIPS OUTSIDE USSR.

3. CHASE MANHATTAN BANK (ALFRED WENTWORTH). CHASE BANK'S SITUATION WAS REVIEWED IN PARA 3 REF B., AND INFORMATION REMAINS CURRENT EXCEPT AS NOTED BELOW:

1) NO CHANGE; 2) NO CHANGE, EXCEPT THAT ADDITIONAL EXPERIENCE WITH SOVIET EMPLOYEES HAS REVEALED THAT THEY ARE GENERALLY UNINTERESTED IN UPGRADING THEIR PROFESSIONAL SKILLS EVEN WHEN COMPANY OFFERED POSSIBILITY; 3) BOTH CHASE APARTMENTS ARE NOW OCCUPIED AND ARE QUITE ADEQUATE, BY MOSCOW STANDARDS; 4) JUNIOR MAN IN CHASE OFFICE NOW HAS MULTIPLE-ENTRY VISA; 5) NO CHANGE; 6) CHASE REP BELIEVES THAT OPPORTUNITIES FOR SOCIAL CONTACTS WITH SOVIETS HAS IMPROVED. GOSBANK AND VNESHTORGBANK OFFICIALS HAVE ATTENDED RECENT SOCIAL FUNCTIONS GIVEN BY CHASE REP, WHO FEELS, HOWEVER, THAT FURTHER IMPROVEMENT IN THIS AREA NEEDED.

4. PAN AMERICAN (ERASTUS CORNING III). PQNAM'S SITUATION REMAINS LARGELY AS REPORTED PARA 4 REF B. 1) NO CHANGE; 1) PROBLEM OF AEROFLOT SNATCHING PANAM'S SOVIET EMPLOYEES AFTER COMPANY HAS TRAINED THEM IN AIRLINE OPERATIONS SEEMS LESS SEVERE, AT LEAST FOR TIEM BEING; 3) NO CHANGE; 4) PROBLEMS WITH MULTIPLE-ENTRY VISAS FOR PERMANENT STAFF HAS BEEN RESOLVED. PANAM WAS RECENTLY ABLE TO OBTAIN MULTIPLE-ENTRY VISA FOR NON-RESIDENT DEPENDENT CHILD OF ONE EMPLOYEE, WHICH IS A FIRST IN COMPANY'S EXPERIENCE. HOWEVER, PANAM HAS HAD NO SUCCESS IN OBTAINING CONTINGENCY VISAS FOR LONDON-BASED REPAIR CREWS AND COMPANY CONCERNED OVER PROSPECT THAT AIRCRAFT COULD REMAIN GROUNDED IN MOSCOW FOR SEVERAL DAYS WHILE REPAIR CREWS WAIT FOR SOVIET VISAS; 5) NO CHANGE; 6) PANAM'S BASIC COMPLAINT, FOR WHICH COMPANY REALIZES THERE IS NO REMEDY, IS THAT AEROFLOT OPERATES FREELY IN UNITED STATES WHILE PANAM IS HIGHLY RESTRICTED IN ITS MOSCOW OPERATIONS. HOWEVER, COMPANY RECOGNIZES THAT IT NOT SUBJECT TO DISCRIMINATION VIS-A-VIS OTHER FOREIGN CARRIERS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MOSCOW 06973 01 OF 03 101659Z

5. PULLMAN CORPORATION (ROBERT COSTELLO). BULLMAN'S SITUATION WAS REVIEWED UB OARA 5, REF B, AND REMAINS UNCHANGED EXCEPT AS NOTED. 1) GENERALLY SAME, ALTHOUGH SLIGHT IMPROVEMENT NOTED IN CONTACTING END-USERS; 2) PULLMAN IN PROCESS OF MOVING TO NEKW OFFICE SPACE, DESCRIBED AS EXCELLENT BOTH REGARD LOCATION (ABOUT 3 BLOCKS FROM MINISTRY FOREIGN TRADE) AND SIZE. RENT ON NEW SPACE, ALTHOUGH HIGH, ONLY FRACTION OF FORMER COST FOR

OFFICES IN HOTEL LENINGRADSKAYA. HIGH COST RENOVATION (ABOUT \$95,000) DUE TO FORCED HIRE OF TWO SOVIETS AND USE OF FINNISH LABOR FOR ALL ACTUAL WORK. OTHER FACILITIES (TELEX, ETC.) SATISFACTORY. 3) BOTH PULLMAN REPS WELL SETTLED IN APARTMENTS, WITH ALL MAJOR WORK COMPLETED AND FURNISHINGS IN PLACE. SOME PROBLEMS ENCOUNTERED WITH SOVIET CUSTOMS RE IMPORTING ITEMS BOTH FOR APARTMENTS AND FOR OFFICE RENOVATION. IN LATTER CASE WHEN PULLMAN POINTED OUT THAT PROVISIONS LEASE WITH UPDK STATE THAT ALL PERMANENT FIXTURES BECOME PROPERTY SO IET GOVERNMENT AT TERMINATION LEASE, CUSTOMS CHARGES WERE DROPPED. CUSTOMS AUTHORITIES ALSO TRIED, UNSUCCESSFULLY, CHARGE "STORAGE" FEES ALTHOUGH ITEMS PICKED UP BY PULLMAN ON SAME DAY COMPANY NOTIFIED OF ARRIVAL; 4) SAME PROBLEMS EXIST WITH REGARD VISAS. PRINCIPAL REP'S MULTIPLE ENTRY VISA WAS DUE EXPIRE RECENTLY, AND WHEN HE APPLIED FOR RENEWAL WITH ABOUT 10 DAYS VALIDITY REMAINING WAS TOLD ONE MONTH NEEDED FOR PROCESSING. SECOND REP STILL HAS ONLY SINGLE-ENTRY VISA AND ENCOUNTERS REPEATED PROBLEMS OBTAINING NEW VISA WHEN MAKING FREQUENT TRIPS OUT OF SOVIET UNION; 5) NO CHANGE; PULLMAN STILL SEEKING SATISFACTORY SOLUTION ON FORCE MAJEURE PROBLEM; 6) NO CHANGE: ATTEMPT STILL MADE TO IMPOSE CUSTOMS DUTIES ON EACH SHIPMENT EXPENDABLE OFFICE SUPPLIES WITH CONSEQUENT LOSS OF VALUABLE WORKING TIME OF REPS.

6. AMERICAN EXPRESS (MICHAEL MILLER). AMEXCO'S SITUATION IS LARGELY AS REPORTED PARA 6 REF A, EXCEPT AS NOTED. 1) NO CHANGE; 2) AMEXCO HAS RECEIVED ONE ADDITIONAL ROOM IN HOTEL METROPOL, SO OFFICE SITUATION, THOUGH STILL UNSATISFACTORY, IS BETTER. EFFORTS TO OBTAIN GROUND-FLOOR OFFICE CONTINUE TO BE TURNED ASIDE BY SOVIET AUTHORITIES; 3) ALTHOUGH SOVIETS HAVE RECENTLY PROMISED NEW APARTMENT, THEY HAVE NOT YET COME THROUGH. CURRENT AMEXCO APARTMENT IS INADEQUATE, EVEN BY MOSCOW STANDARDS. 4) NO CHANGE. 5) NO CHANGE. 6) PROBLEMS WITH ARBITRARY CUSTOMS PROCEDURES NOTED REF B CONTINUE. AMEXCO REP ALSO EMPHASIZED COMPANY'S CONTINUING INABILITY TO DO ANY MEANINGFUL PUBLICITY WORK DESIGNED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MOSCOW 06973 01 OF 03 101659Z

INCREASE ITS SOVIET BUSINESS. INTOURIST PROMISED TO PROVIDE AMEXCO WITH SIZEABLE NUMBER OF SOVIET TOURISTS FOR EXPO-74 IN SPOKANE, BUT IS NOW RENEGING. IN GENERAL AMEXCO DEPENDS UPON WHATEVER CRUMBS INTOURIST THROWS ITS WAY, AS FAR AS SOVIET BUSINESS CONCERNED.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 06973 02 OF 03 101728Z

63

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 USIA-15 CIAE-00 INR-10 NSAE-00

RSC-01 SAJ-01 FEA-02 SCI-06 SS-20 NSC-07 PA-04 PRS-01

CIEP-02 SP-03 L-03 H-03 DRC-01 /116 W

----- 109419

R 101446Z MAY 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 8655

INFO USDOC WASHDC

LIMITED OFFICIAL USE SECTION 2 OF 3 MOSCOW 6973

7. OCCIDENTAL PETROLEUM (DAN GARINE, DEPUTY REP). SEE REF C.

1) NO PROBLEMS MAKING CONTACT, AS DR. HAMMER ENJOYS SPECIAL CONSIDERATION SOVIET AUTHORITIES. LOWER LEVEL OXY OFFICIALS ENCOUNTER PROBLEMS NON-AVAILABILITY CONTACTS, NO ANSWERS TO CALLS, FAILURE SOVIET OFFICIALS RETURN CALLS, ETC. COMMON ALL MOSCOW OPERATIONS. 2) OXY'S OFFICES IN HOTEL NATIONAL ADEQUATE BY MOSCOW STANDARDS AND COMMUNICATIONS FACILITIES SATISFACTORY. RENT HIGH. SATISFACTORY SECRETARIAL ASSISTANCE NON-EXISTENT. OXY TRYING TO LOCATE WORKING WIVES AMERICANS OR OTHER SOURCE GOOD SECRETARIES, PARTICULARLY FOR PERIODS WHEN DR. HAMMER AND/OR LARGE GROUPS VISIT MOSCOW. OXY PRESSING SOVIETS FOR LARGE VILLA WHICH CAN BE CONVERTED INTO OFFICES/TEMPORARY RESIDENCE/ENTERTAINMENT CENTER: NO POSITIVE SOVIET RESPONSE YET. PROBLEM OF MINIMUM CHARGE FOR TELEX USE (THREE MINUTES, 6.90 RUBLES) FOR SHORTER MESSAGES CITED BY OXY ALTHOUGH NOT KNOWN WHETHER THIS UNIQUE TO SOVIETS. ALSO CITED COMMON PROBLEMS OF EXCESSIVE CHARGES FOR REPAIR/RENOVATION WORK IN OFFICES AND APARTMENTS AND ATTEMPT BY CUSTOMS TO CHARGE DUTIES ON EXPENDABLE OFFICE SUPPLIES. 3) DEPUTY REP HAS OBTAINED LARGE APARTMENT IN SUITABLE AREA AND RENOVATION HAS JUST BEEN COMPLETED; OTHER OXY REPS STAY IN HOTEL WHEN IN MOSCOW. AS MENTIONED ABOVE, OXY IS ATTEMPTING SOLVE BOTH OFFICE/TEMPORARY HOUSING PROBLEM BY TURNING LARGE VILLA (WHEN OBTAINED) INTO LAVISH, WESTERN-STYLE BUSINESS FACILITY. OXY REP OPINED HIS FIRM MORE FORTUNATE THAN OTHERS (BOTH U.S. AND FOREIGN) WITH WHOM HE HAS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 06973 02 OF 03 101728Z

DISCUSSED PROBLEMS. ONE PROBLEM ENCOUNTERED: SOVIET ATTEMPT TO PREVENT OXY OFFICIAL FROM RETURNING TO USSR BY PRIVATE AUTO ALTHOUGH PERMISSION WAS GRANTED FOR TRIP OUT BY CAR. 4) DEPUTY REP HAS MULTIPLE ENTRY VISA, NO MAJOR PROBLEM TRAVELING. HOWEVER,

RECURRENT PROBLEMS ENCOUNTERED OBTAINING VISAS FOR TEMPORARY OXY REPS DUE FACT VISA REQUEST MUST BE SUPPORTED BY APPROPRIATE FOREIGN TRADE ORGANIZATION DEPENDENT ON NATURE BUSINESS. SINCE OXY DEALS IN NUMEROUS AREAS, CONSTANT REQUIREMENT ARISES OF HAVING VISA-ASSISTANCE CONTACTS IN PRACTICALLY ALL FTO'S. IN SEVERAL CASES DELAYS IN VISA ISSUANCE HAVE RESULTED IN LAPSE IN CONTRACTS BIDS, WITH CONSEQUENT RISE IN COSTS AND REPEATED LENGTHY NEGOTIATIONS. 5) NO SIGNIFICANT PROBLEMS. 6) OXY REP URGED GENERAL NEED TO PRESS SOVIETS TO "SPREAD THE WORD" TO WORKING LEVEL IN BUREAUCRACY ON AGREEMENTS REACHED AT TOP. THE POINTED OUT OXY EXPERIENCE OF COMPLETE AGREEMENT AT TOP ON PROJECTS WITH CONSTANT DELAYS AND HINDERANCES AT LOWER LEVELS, WHICH OXY FEELS DUE NOT TO POLICY INTENT BUT FACT LOWER LEVELS NOT FULLY MADE AWARE OF NEW SOVIET DIRECTIONS, I.E. DETENTE.

8. BANK OF AMERICA (ALEXANDER YANKOVICK) 1) NO PROBLEMS IN DEALING WITH GOSBANK, VNESHTORGBANK, MINISTRY OF FOREIGN TRADE OR FTO'S. IN CASES WHERE BUSINESS NEEDS CLEARLY JUSTIFIED CONTACTS WITH INDUSTRIAL MINISTRIES, APPOINTMENTS CAN SOMETIMES BE ARRANGED THROUGH GOSBANK. 2) OFFICE IN HOTEL INTOURIST IS QUITE ADEQUATE. RENTS ARE HIGH AS FOR ALL OTHERS. SECRETARIAL HELP BARELY ADEQUATE. TWO-MONTH WAIT FOR INSTALLATION OF TELEX WAS BURDEN, BUT OTHER BANKS (NON-U.S.) HAVE WAITED MUCH LONGER. IN GENERAL, SOVIETS SEEM TO TREAT COMPANIES ON COUNTRY-BY COUNTRY BASIS. CHASE BANK WAS FIRST U.S. BANK ON SCENE AND RECEIVED VERY FAVORABLE TREATMENT COMPARED WITH FRG, FRENCH AND OTHER BANKS. BY AND LARGE, BANK OF AMERICA HAS BEEN TREATED ON PAR WITH CHASE. 3) YANKOVICH HAS BEEN IN MOSCOW EIGHT MONTHS AND IS STILL WAITING FOR APARTMENT. DUE TO EXTRAORDINARY CIRCUMSTANCES, HE HAS BEEN ABLE TO USE VACANT PANAM APARTMENT, WHICH IS QUITE ADEQUATE. FACT THAT HE HAS USE OF THIS APARTMENT HAS PROBABLY CAUSED SOVIETS TO MOVE LESS RAPIDLY IN PROVIDING NEW HOUSING. OTHERS WHO ARRIVED AFTER YANKOVICH (I.E. U.S.-USSR TRADE/ECONOMIC COUNCIL) HAVE BEEN FAVORED. NO PROBLEMS ON IMPORTS. 4) YANKOVICH HAS MULTIPLE-ENTRY VISA, BUT FEELS THAT HE HAD TO WAIT INORDINATELY LONG TIME FOR IT (ONE MONTH). 5) NEGOTIATIONS WITH SOVIETS ON CONDITIONS FOR LOANS ARE LONG AND TEDIOUS. IF ONE FOREIGN BANK GIVES LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MOSCOW 06973 02 OF 03 101728Z

IN ON PARTICULAR POINT, SOVIETS ATTEMPT USE THIS AS MEANS OF LEVERAGE OF FORCE ALL OTHERS TO FALL IN LINE. BA'S MAJOR POINT OF ISSUE WITH SOVIETS AT PRESENT IS OVER ITS INSISTENCE THAT INTEREST AND COMMITMENT FEES BE CHARGED ON 365/360-DAY BASIS. ANOTHER U.S. BANK AGREED TO USE 360-DAY BASIS, SETTING BAD PRECEDENT. 6) BUSINESSMEN SHOULD BE GIVEN SAME RELAXED TRAVEL CONDITIONS WHICH MINISTRY OF FOREIGN AFFAIRS RECENTLY (APRIL 1) EXTENDED TO DIPLOMATS.

9. FIRST NATIONAL CITY BANK (VICTOR BRUNST). 1) ACCESS TO SOVIET ORGANIZATIONS ADEQUATE, BUT HAS NOT YET ATTEMPTED TO MAKE CONTACTS

WITH INDUSTRIAL MINISTRIES OR END-USER ENTERPRISES. 2) OFFICE (NATIONAL HOTEL IS QUITE ADEQUATE AND RENT REATIVELY RESONABLE. SECERTARIAL HELP IS VERY POOR. NO PROBLEMS IMPORTING EQUIPMENT. TWO-MONTH WAIT FOR TELEX. FACILITIES COMPARABLE TO THOSE OF OTHER U.S. BANKS AND BETTER THAN THOSE OF OTHER FOREIGN BANKS. 3) BRUNST ALSO USING VACANT PANAM APARTMENT AND HAS NOT YET BEEN OFFERED HIS OWN HOUSING. SOVIETS RECENTLY PROVIDED THREE ROOM APARTMENT IN NEW BUILDING FOR DEPUTY REP (MICHAEL PENDILL) ATER SEVERAL MONTHS OF INTENSIVE PRESSURE. 4) BOTH FNCB OFFICERS HAVE MUTILPLE-ENTRY VISAS. 5) PROBLEMS IN DEALING WITH SOVIETS ARE SAME AS THOSE ENCOUNTERED BY CHASE AND BANK OF AMERICA. FNCB HAS NOT BEEN PREPARED MAKE SPECIAL CONCESSIONS FOR SOVIETS, WHO DEMAND THEM ON BASIS ACTIONS BY OTHER BANKS. 6) NO CHANGE.

10. DOW CHEMICAL (NO MOSCOW REP AS YET). LEE TZENTIS OF DOW'S VIENNA OFFICE IS HANDLING ARRANGEMENT FOR OPENING OFFICE. 1) DOW DEALS REGULARLY WITH MINISTRY OF CHEMICAL INDUSTRY AND MINSTRY OF PETROLEUM REFINING AND PETRO-CHEMIAL INDUSTRY, AS WELL AS REASEARCH INSTITUTES ANS APPROPRIATE FTO'S. 2) SOVIETS HAVE PROPOSED THAT DOW LOCATE OFFICES IN BUCHAREST HOTEL PENDING AVAILABLE FOR PERMANENT OFFICE. FANCILITIES OFFERED ARE POOR AND RATES EXHORDITANT (80 RUBLES PER DAY). COMPETITORS (ENI, BAYER, BASF, ETC.) HAVE BETTER FACILITIES, BUT THEY HAVE BEEN HERE LONGER. DOW HAS TENTATIVELY ARRANGED TO HIRE SOVIET LOCAL WHO SEEMS WELL QUALIFIED. 3) SOVIETS HAVE NOT YET OFFERED APARTMENTS. 4) NO PROBLEMS ANTICIPATED IN OBTAINING MULTIPLE ENTRY VISA FOR REPRESENTATIVE ONCE HE IS NAMED. 5) MAJOR PROBLEM IS THAT SOVIETS NEGOTIATE FOR YEARS OF PROJECTS, FREQUENTLY CHANGING THEIR MINDS ON IMPORTANT SPECIFICATIONS ALONG THE WAY. DOW RAN INFO SPECIFIC LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MOSCOW 06973 02 OF 03 101728Z

PROBLEM RESULTING FROM PUBLICITY OF ITS NAPTHA PURCHASES FROM USSR DURING ARAB OIL EMBARGO. AT SAME TIEM, SOVIETS RENEGED ON ORAL PROMISE SELL GAS-OIL FOR DELIVERY TO U.S. 6) NOT AT PRE-SENT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 06973 03 OF 03 102202Z

63

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 USIA-15 CIAE-00 INR-10 NSAE-00

RSC-01 SAJ-01 FEA-02 SCI-06 SS-20 NSC-07 PA-04 PRS-01

CIEP-02 SP-03 L-03 H-03 DRC-01 /116 W

----- 113397

R 101446Z MAY 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 0000

INFO USDOC WASDC

LIMITED OFFICIAL USE SECTION 3 OF 3 MOSCOW 6973

11. HEWLETT-PACKARD (ROBERT KRIEGER, REP-DESIGNATE). 1) HEWLETT-PAKARD HAS EASY ACCESS TO MINISTRIES, RESEARCH INSTITUTES, AND FTO'S. 2) TEMPORARY OFFICE IN HOTEL BUDAPEST COMPLETELY INADEQUATE AND VERY COSTLY. TELEX NOT YET INSTALLED AFTER THREE MONTHS. 3) APARTMENTS HAVE BEEN PROMISED FOR SUMMER 1974. 4) NO EXPERIENCE ON MULTIPLE-ENTRY VISA QUESTION AS YET. 5) ONE PROBLEM AT PRESENT IS THAT SOVIETS HAVE BEGUN TO CHARGE PENALTIES FOR LATE DELIVERIES RESULTING FROM DELAYS IN ISSUANCE OF U.S. EXPORT LICENSES. THIS IS NOT PROBLEM TO BE RAISED WITH SOVIETS, HOWEVER. 6) NO.

12. IBM (NO DESIGNATED REPRESENTATIVE). IN MOST RECENT CONVERSATION WITH EMBOFF, VISITING IBM REP SAID THAT COMPANY HAS TURNED DOWN OFFERS OF TEMPORARY OFFICES IN LENINGRADSKAYA AND WARSHAVSKAYA HOTELS AS INADEQUATE AND WAS HOLDING OUT FOR EITHER LOCATION IN DOWNTOWN HOTEL OR PERMANENT OFFICE. (COMMENT: NOT SURPRISINGLY, IBM HAS TAKEN A RATHER HIGH POSTURE ON OFFICE QUESTION. END COMMENT).

13. ARTHUR ANDERSON AND SATRA. ARTHUR ANDERSON ACCREDITATION CAME THROUGH AT END OF APRIL AND COMPANY HAS NOT YET BEGUN PROCESS OF SETTING UP OFFICE. AS ACCREDITATION IS WITH STAJ COMMITTEE FOR SCIENCE AND TECHNOLOGY RATHER THAN MINISTRY OF FOREIGN TRADE, IT WILL BE INTERESTING TO SEE WHETHER ARTHUR ANDERSON HAS LESS DIFFICULTY THAN OTHER FIRMS IN SETTING UP ITS MOSCOW OPERATION. SATRA, WHICH ALSO RECEIVED RECEIVED ITS ACCREDITATION DURING LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 06973 03 OF 03 102202Z

ING

ARPIL, HAS BEEN IN OPERATION HERE FOR SEVERAL YEARS, AND ONLY BASIC CHANGE IS THAT SATRA CAN NOW DO OFFICIALLY WHAT IT HAS BEEN DOING UNOFFICIALLY. SATRA NOW HAS TELEX. STATUS OF PREVIOUS REP ALEX WISSE (DUTCH NATIONAL) IS UNCLEAR BUT HE APPARENTLY WILL NOT HEAD THE ACCREDITED OFFICE.

14. US-USSR TRADE AND ECONOMIC COUNCIL. THE COUNCIL IS IN

PROCESS OF SETTING UP PERMANENT OFFICE IN SPACE LOCATED ON NABEREZHNYAYA TARASA SHEVCHENKO (NEXT TO KIEV RAILROAD STATION). ALL U.S. NATIONALS WORKING FOR COUNCIL HERE HAVE BEEN ALLOCATED APARTMENTS IN NEW BUILDING OFF DMITROVSKOYE CHAUSSEE, AT LEAST SOME OF WHICH SHOULD BE OCCUPIED WITHIN NEXT WEEK. COUNCIL HAS, AS EXPECTED, OBTAINED HIGHLY PREFERENTIAL TREATMENT, WHICH HAS NOT GONE DOWN TOO WELL WITH REPS OF SOME ACCREDITED COMPANIES.

15. REPRESENTATIVES OF CHASE, FNCB, BANK OF AMERICA, AMEXCO, PANAM AND PULLMAN HAVE NO OBJECTION TO USE OF COMPANY NAME IN CONNECTION WITH POI LS OUTLINED ABOVE. IN CASE OF IBM, HEWLETT-PACKARD, AND DOW, EMBASSY WOULD SUGGEST THAT U.S. SIDE IN WASHINGTON TALKS CALL ATTENTION TO PROBLEMS THESE FIRMS HAVE FACED IN SETTING UP MOSCOW OPERATIONS, ALTHOUGH IN ABSENCE PERMANENT REPRESENTATIVE EMBASSY HAS NOT BEEN ABLE TO CLEAR THIS WITH COMPANIES.

16. ON GENERAL SUBJECT OF FOOT DRAGGING BY SOVIETS ON PENDING ACCREDITATION REQUESTS, EMBASSY HAS NOT RECEIVED SPECIFIC COMPLAINTS FROM COMPANIES. WE KNOW THAT DUPONT, MONSANTO, KAISER, WESTINGHOUSE, ITT AND HONEYWELL HAVE PENDING APPLICATIONS, AND IT IS POSSIBLE THAT OTHERS (TEXAS EASTERN, TENNECO, CONTROL DATA, SPREY) HAVE BEEN FILED. AS NOTED REF B (PARAS 8 AND 9), VERY REAL PHYSICAL LIMITATIONS OF MOSCOW, AND WHAT WE MUST ASSUME IS RELUCTANCE OF SOVIET ORGANIZATIONS TO ACCREDIT TOO MANY MORE COMPANIES THAN THEY CAN HANDLE, PLACES REAL LIMITATION ON SPEED WITH WHICH APPLICATIONS PROCESSED. IN THIS REGARD, WHILE WE DO NOT BELIEVE THAT U.S. FIRMS HAVE BEEN TREATED ANY LESS FAVORABLY THAN THOSE OF OTHER COUNTRIES, IT WOULD APPEAR APPROPRIATE FOR U.S. SIDE IN UPCOMING TALKS TO MAKE GENERAL REQUEST THAT SOVIETS MOVE AHEAD WITH ADDITIONAL ACCREDITATIONS. A SECOND COMPLICATING FACTOR IN ACCREDITATION PICTURE IS DELIBERATE SOVIET IMPRECISION AS TO CRITERIA FOR APPROVAL OF APPLICATION. A GOOD LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MOSCOW 06973 03 OF 03 102202Z

EXAMPLE OF HOW SOVIETS "FLEXIBLY" INTERPRET CRITERIA IS CASE OF RANK-XEROX, WHICH HAS APPLIED FOR ACCREDITATION AS UK COMPANY ALTHOUGH 51PC U.S.-OWNED.
E E E E E E E

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MOSCOW06973
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740115-0118
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740558/aaaabzfo.tel
Line Count: 422
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 8
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. STATE 163993, 8/17/73; B. MOSCOW, 10285, 8/28/73;
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 25 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 MAR 2002 by collinp0>; APPROVED <07 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BUSINESS FACILITATION IN MOSCOW
TAGS: BGEN, UR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005